R5650-2

JAPAN · ECONOMIC · INSTITUTE

JEI REPORT

NO. 25B
July 5, 1985

IN THIS ISSUE:

Congress Tackles Trade Reform 1

Yeutter Confirmed; Smart Nomination Advances 4

Japan Considering Liberalized Oil Import Policy 5

Notes 7

Statistical Supplement 9

Congress Tackles Trade Reform

In close consultation with the Labor-Industry Coalition for International Trade (LICIT), a group of Senate and House members have developed legislation concerning international trade policy and practice that would substantially alter existing laws. The Trade Law Modernization Act of 1985 (TLMA) was introduced in the House of Representatives April 3 by Reps. Frank Guarini (D, N.J.) and John J. Duncan (R, Tenn.) and on the Senate side in June by Sens. John Heinz (R, Pa.) and Max Baucus (D, Mont.). Initial hearings June 26 by the House Energy and Commerce Subcommittee on Commerce, Transportation and Tourism included statements from representatives of the semiconductor, opto-electronics and natural resource industries who support the bill. The complaints by these industries about unfair foreign competition from Japan, Canada, Mexico and other countries have grown louder and more frequent on Capitol Hill in recent months.

Howard D. Samuel of the AFL-CIO pointed out that the bill represents a "remarkable consensus" among smokestack and high technology industries, labor

Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1983	1984	January-May 1984	January-May 1985	March 1985	April 1985	May 1985
Japan's Balance of Payments							
Trade Balance	$31,454	$44,257	$14,492	$17,381*	$4,180*	$4,136*	$4,288*
Exports (f.o.b.)	145,468	168,290	66,965	67,052*	14,388*	14,719*	14,234*
Imports (f.o.b.)	114,014	124,033	52,473	49,671*	10,208*	10,583*	9,946*
Current Account Balance	20,799	35,003	10,304	14,498*	3,455*	4,127*	3,577*
Long-Term Capital (net)	-17,700	-49,651	-13,904	-20,828*	-5,068*	-5,554*	-4,578*
Overall Balance	5,177	-15,200	-6,078	-2,524	-189	-1,122	1,012
International Reserves (end of period)	24,496	26,313	25,323	27,328	26,538	26,841	27,328
Japan's Customs Clearance Trade							
Trade Balance	20,534	33,611	9,493	12,635*	3,186	3,260	3,360*
Exports (f.o.b.)	146,928	170,114	67,744	67,790*	14,528	14,875	14,405*
Cars	19,535	21,899	9,115	9,360*	1,321	2,570	2,230*
Steel	12,843	13,852	5,350	5,596*	1,319	1,119	1,208*
Imports (c.i.f.)	126,393	136,503	58,252	55,155*	11,342	11,615	11,045*
Crude Oil	40,063	39,379	17,599	15,655*	3,583	3,067	2,866*
Japan-U.S. Trade							
Trade Balance	18,181	33,075	11,485	13,442*	2,346	3,460	3,408*
Exports (f.o.b.)	42,829	59,937	22,723	24,823*	4,688	5,785	5,690*
Imports (c.i.f.)	24,648	26,862	11,238	11,381*	2,342	2,325	2,282*
Yen-Dollar Exchange Rate							
Tokyo Spot Market (end of period)	Y232.20	Y251.10	---	---	Y252.50	Y252.25	Y251.85
U.S.-Japan Trade							
Trade Balance	-19,289	-33,560	-12,980	n.a.	-3,396	-4,198	n.a.
Exports (f.a.s.)	21,894	23,575	9,554	n.a.	2,328	1,733	n.a.
Industrial Supplies	8,734	9,139	3,642	n.a.	910	704	n.a.
Food and Feed	5,555	5,929	2,513	n.a.	376	370	n.a.
Capital Goods	5,116	5,627	2,324	n.a.	710	451	n.a.
Consumer Goods	1,394	1,476	580	n.a.	140	111	n.a.
Imports (Customs)	41,183	57,135	22,533	n.a.	5,724	5,931	n.a.
Automotive Products	14,919	18,477	7,486	n.a.	1,751	1,945	n.a.
Industrial Supplies	5,391	7,276	2,989	n.a.	642	611	n.a.
Consumer Goods	8,296	11,266	4,322	n.a.	1,246	1,291	n.a.
Capital Goods	11,896	19,290	7,400	n.a.	1,986	1,964	n.a.

*Preliminary

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1983	1984	January-April 1984	January-April 1985	February 1985	March 1985	April 1985
Discount Rate (end of period)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Outstanding Money Supply	7.4%	7.8%	7.9%	8.0%	7.9%	7.9%	8.4%
Industrial Production	3.6%	11.1%	11.1%	6.5%	5.9%	5.2%	7.1%
Manufacturing Operating Rate	1.6%	7.3%	8.8%	2.3%	1.1%	1.6%	3.4%
Number of Bankruptcies	11.9%	8.8%	18.5%	-9.2%	-13.4%	-12.8%	-8.4%
Residential Construction Starts	-0.8%	4.4%	2.6%	6.4%*	6.0%	8.1%	3.2%*
Job Openings to Applications (ratio)	0.60	0.65	0.64	0.68	0.68	0.68	0.68
Nominal Wages	3.5%	4.5%	4.4%	3.5%*	3.2%	2.4%	3.7%*
Labor Productivity	4.5%	9.9%	10.4%**	6.9%**	5.2%	n.a.	n.a.
Wholesale Prices	-2.2%	-0.3%	-1.2%	0.7%	0.8%	0.9%	0.6%
Consumer Prices	1.9%	2.2%	2.4%	2.0%	1.4%	1.6%	1.9%
Yen-Based Export Prices	-6.0%	0.6%	-1.3%	4.6%	4.2%	5.6%	4.3%
Yen-Based Import Prices	-7.8%	-3.4%	-6.4%	3.0%	2.9%	4.3%	3.3%

*Preliminary
**Through February of each year only.

For Japan's most recent GNP figures, see JEI Report No. 24B, June 28, 1985.

STATISTICAL SUPPLEMENT